

The Strategic Planning and Risk Assessment Process

Christena C. Shepherd, M.A.O.M., ASQ-CMQ/OE, CQA
Jacobs ESSSA Group

In the article published by Government Executive that asks “Does Your Agency Have a 200 Year Strategic Plan?”¹ the creation of a very long range vision and planning is recommended. Yet, even a five year or a one year strategic plan is fraught with difficulties in the changing environment of the 21st century. A visionary two hundred year plan may be conceivable for very long-range planning; however, near-term strategic planning needs to address current and near-term situations. The strategic planning process can be broken down into separate, but related analyses, which will result in a fact-based approach. The process requires research, risk assessment, and an in-depth understanding of global, national, local and internal concerns. It cannot be done in a day, nor can it be done without research into both the external and internal forces that will affect the plan. In their book “10 Steps to Successful Strategic Planning”, Barksdale and Lund provide an approximate timetable for the various steps in the process². It is important for government agencies to take a lesson from the private sector, whose success depends on accurate research and planning.

The first exercise in the strategic planning process is a definition of mission, vision, goals and values. In general, the mission is usually defined by the citizens and their representatives. Society has a need, and the agency’s mission is to address that need. The specifics of how best to satisfy that need are defined by the vision and goals of the agency, with values as the management philosophy. Ultimately, the mission, vision and goals are influenced by legislation and appropriations, but input from the experts in the agency is vital. This input needs to be developed in light of an operating environment analysis (the private sector would call this a business environment analysis). This analysis takes into account the international, national, state/provincial, and local environment in terms of the: economic, demographic, legal, regulatory, social, environmental, technical, and cultural context; and the likelihood of changes in the near and long term. New and changing regulations and legislation also need to be considered. Emerging trends, both good and bad, must be clearly understood for the specifics of the strategy to be relevant. ISO 31000, “Risk management, -Principles and guidelines” describes global and local factors as “external context”³. Branding, although typically considered a commercial business concern, should also be taken seriously by government agencies. In other words, what is the perception of the citizenry when they have to deal with your agency, and what types of stories are in the news?

¹ <http://www.govexec.com/excellence/promising-practices/2013/04/does-your-agency-have-200-year-strategic-plan/62442/>

² Barksdale, Susan, and Teri Lund. *10 Steps to Successful Strategic Planning*, Table 2.1.

³ ISO 31000 Risk Management-Principles and guidelines, International Organization for Standardization, Switzerland, 2009.

Once the external context is defined with respect to the mission of the organization, the internal operating system, or “internal context”⁴ should be scrutinized as well. Attracting and retaining personnel with critical skills, loss of staffing positions, capabilities, governance, organization and infrastructure, safety, security, sustainability, quality of services, ethics, acquisition, effects on the community, technology, continuing education and training, relationships with stakeholders, suppliers and customers, are some of the topics to be considered. It is important to find out what the employees are actually thinking and doing, and to obtain a measure of the organization’s effectiveness in dealing with the citizens that they serve. If these metrics are not available, some type of plan to obtain these metrics is recommended. Once external and internal environments are defined, the organization’s leaders have a basis for developing the specifics of the strategy, and for further analysis.



Strategic Planning Process Flow

The next step in the process is the SWOT (strengths, weaknesses, opportunities and threats) analysis. It should be emphasized that the SWOT analysis without the background research described above will be incomplete and should never be used as a starting point. The background research may seem like a daunting task, and funding it may appear to be a problem. However, for a strategic plan to have basis in reality, and to be effective, an agency cannot afford to take a shortcut.

The SWOT analysis has many advantages. It allows the organization to review the operating environment data and classify it into actionable categories, plus it leads logically into

⁴ ISO 31000

the next step, which is risk analysis. It is important to remember that if the SWOT analysis is incomplete, the risk analysis will also be incomplete. It is important to think of risk in terms of strengths and opportunities as well as weaknesses and threats. Can the agency's strengths be preserved? With new opportunities, there are always the possibilities of miscommunication, misapplication, budget overruns, unintended consequences, and even failure. On the positive side, accepted risk can bring about dramatic improvements and advancements, if handled properly. Risks relative to weaknesses and threats are easier to identify, but should be considered carefully. The analysis needs to take a clear view of the risks so that mitigation can be planned. Many of the recent disasters were deemed to have low probability; however the consequences have been enormous. Lessons from history can help balance the probability vs. severity assessment. A detailed discussion of methodologies and effectiveness of government risk management activities can be found in the publication *Managing Risk in Government: An Introduction to Enterprise Risk Management*, available at www.federalerm.com. It is also important to note that even the best strategic plan can be rendered obsolete by events (e.g. mishaps, disasters) that cannot be specifically foreseen; therefore, strong leadership, preparedness, and some level of flexibility should be part of any organization.

As with the private sector, considerations such as quality assurance, lean, performance excellence, safety, sustainability, social responsibility, ethics and business process improvement should be a significant aspect of any strategic plan, since without these disciplines, success will be limited. Unlike the private sector, a government agency will not go out of business. However, loss of confidence in the ability of the agency to perform its mission by the citizens and their representatives can result in adverse impacts such as loss of funding, loss of mission, loss of critical skills, bad press, investigations, and many others. Another lesson from the private sector is that senior personnel in the assurance organizations should be intimately familiar with strategy and risk, and contribute to the planning and analysis, as well as ensure implementation. Likewise, the senior managers should also have a strong commitment to, and understanding of, the value of the disciplines mentioned above.

In his case study *What's the Point of Planning?* Bruce Waltuck states "Strategic planning involves developing a sense of where we are and a sense of where we want to be."⁵ Each agency needs to identify where they stand with respect to the internal and external forces that drive the success or failure of their mission, and envision what the agency needs to do to be relevant, effective, and successful in the future. By following a carefully planned and well defined process, an effective, achievable strategic plan can be developed and implemented by any agency at any level. At a time when conservation of resources is imperative, a disciplined strategic planning process is one of the most important tools for eliminating waste.

⁵ Waltuck, Bruce, *What's the Point of Planning?* The Journal for Quality & Participation, Winter, 2005, p.37.

References

Barksdale, Susan, and Teri Lund. *10 Steps to Successful Strategic Planning*. ASTD. © 2006. Books24x7. <http://common.books24x7.com/toc.aspx?bookid=26572> (accessed May 13, 2013)

Hardy, Karen. *Managing Risk in Government: An Introduction to Enterprise Risk Management*. IBM Center for the Business of Government, Washington, D.C., 2010, Second Edition. <http://www.federalerm.com>. (accessed May 22, 2013).

<http://www.govexec.com/excellence/promising-practices/2013/04/does-your-agency-have-200-year-strategic-plan/62442/>

ISO 31000, *Risk Management-Principles and guidelines*, International Organization for Standardization, Switzerland, 2009.

Waltuck, Bruce, *What's the Point of Planning?* The Journal for Quality & Participation. Winter, 2005; p.37-40. <http://rube.asq.org/pub/jqp/past/2005/winter/jqp0106waltuck.pdf>. (accessed May 13, 2013)